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State Pilot Commission Recommends Pay Increase For Harbor Pilots Already Making \$400,000 Per Year

Average Income Will Eclipse \$500,000 per Pilot by 2015

SAN FRANCISCO – The State Board of Pilot Commissioners voted to recommend an increase in the rates and surcharges paid to the pilots who guide cargo ships in and out of the San Francisco Bay. This action by the Board will be forwarded to the state Legislature, which must approve the increases before they become effective. San Francisco Bar Pilots made an average individual income of nearly \$400,000 in 2010. This proposed rate increase, coupled with predicted growth in shipping, will result in a projected income of around \$530,000 per pilot by 2015.

Prior to the hearing, the San Francisco Bar Pilots Association submitted a proposal to the Board of Pilot Commissioners requesting a rate increase of 22% over four years. This request would have meant that the pilots who work in the San Francisco Bay would have pushed their projected income to more than \$600,000 by 2015. The Pacific Merchant Shipping Association (PMSA), representing ratepayers, also submitted a rate change request, one that would have resulted in pilot net incomes of \$425,000 by 2016.

“We appreciate the important work done by harbor pilots everywhere and believe they should be fairly compensated for their work,” said John McLaurin, PMSA president. “However, for the State of California to recommend increasing this rate and further driving up pilot compensation is irresponsible and unjustified.”

The San Francisco pilots already are the highest paid in the state. When compared to the Port of Los Angeles, where pilots work the nation’s busiest container port and have a base compensation of \$227,000 per year, it is overwhelmingly clear that they already have significantly higher pay than their peers.

“We will vigorously fight this exorbitant pay increase in the Legislature,” added McLaurin. “This increased cost directly hinders the ability of our members to improve our ports’ infrastructure to make them more efficient, invest in the environment and create jobs.”

The State Board of Pilot Commissioners justified their support for a rate increase based on several factors, including the fact that pilots are under increased scrutiny since a San Francisco pilot was at the helm of the *Cosco Busan* in 2007 and that current rates may not generate pilot incomes high enough to attract candidates.

Pilot revenues are generated by applying the rate to the size of the ships they guide. As ships continue to grow in size, pilots' incomes increase accordingly, regardless of any increase in rates. In 2002, when the last rate increase was recommended by the state, the Board increased pilot rates by a cumulative 22% but pilot incomes increased by 53%.

Despite the largest recession in the history of the modern maritime industry, 2010 marked the highest ever pilot income per ship moved in San Francisco. In 2011, pilot revenues have already significantly increased, as ship tonnage in San Francisco Bay is already 16% higher than it was at this time in 2010. This continued growth, along with the continued economic recovery, further demonstrates that pilot revenues will escalate beyond the record 2010 per ship income, even without any rate increases.

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All documents related to the petitions of the PMSA and San Francisco Bar Pilots can be found at: <http://www.bopc.ca.gov/transparency.htm>

Projections of San Francisco Pilot Incomes can be found on Page 10 of the Economic Analysis completed by Dr. Jon Haveman, Ph. D., Compass Economics, at: http://www.bopc.ca.gov/res/docs/notices/rate%20-%20pmsa%20-Haveman_Declaration_Feb2011.pdf

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Pacific Merchant Shipping Association

PMSA is an independent trade association representing marine terminal operators and ocean carriers operating U.S. and foreign-flagged cargo and passenger vessels engaged in trade at U.S. West Coast ports. The association maintains offices in Long Beach, San Francisco and Seattle.